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CENTRAL INTELLIGENCE AGENCY
18 October 1973

INTELLIGENCE MEMORANDUM

MIDDLE EAST

Situation Report Number 50
(As of 0630 EDT)

THE MILITARY SITUATION

GENERAL

1. The night passed quietly on the Egyptian front after a day in which the "biggest armored clash in Israeli history" was fought on the Egyptian front. There has been no further word on the outcome of this battle in the central sector of the canal. Both sides report having inflicted heavy losses, but the reporting does not suggest any significant change in the battle line running generally about ten miles east of the canal.

2. The Syrian front remained quiet after a day in which little fighting was noted. The forces on both sides may be resting or regrouping after the heavy battles Tuesday. The Israelis apparently are consolidating their positions in the salient they have pushed out from the Golan Heights.

THE EGYPTIAN FRONT

3. Little activity was reported through the evening after a day of heavy fighting described by

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Israeli authorities as "the biggest armored clash in Israeli military history." While both sides claim to have inflicted heavy losses neither party has reported any advances in the battle. The jury is still out on the results of the battle and its decisiveness. Although the Israelis claim to be maintaining the initiative, spokesmen emphasize that "this is not Israel's major offensive."

4. Announced activity during the evening was limited to Israeli reports of naval raids. Targets in the Port Said area on the Mediterranean coast and at Ras Zafarana on the Gulf of Suez were bombarded. The Israelis shelled targets on the Mediterranean coast Tuesday night and launched frogman attacks into Port Said last night. The Israelis have been attacking in the Ras Zafarana area throughout the war believing that Egyptian commando attacks on the Sinai have come from this area.

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7. US military attaches, in reports from a briefing by Israeli authorities late yesterday, state that the Israelis have thrown a ponton bridge over the canal in the Deversoir area--where the raiding force crossed--and have a bridgehead five to ten kilometers wide. Other Israelis reports have claimed that this incursion will be maintained as a pipeline and that other units will be funneled across. Despite initial claims that the force was to attack Egyptian air defense positions on the west bank, there have been no reported or detected results from the raid.

8. The Israelis again hit Port Said with air raids beginning at dawn. The Israelis have begun almost every day on the Egyptian front with air raids on Port Said, concentrating mostly on the air defenses. Yesterday, Israeli pilots reported that the air defenses had been reduced and an Israeli situation report early this morning states that no operational SAM sites remain in the Port Said area. This morning's attacks have been directed against air defense targets, however.

SYRIAN FRONT

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SOVIET AIRLIFT

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USSR - ARAB STATES

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MOOD ON THE BANKS OF THE JORDAN

15. Arab workers from west bank towns are, for the most part, continuing to stay away from their jobs in Israel. As a result, there are tens of thousands of unemployed young Arab men. In Hebron and Nablus Israeli authorities reportedly had to threaten to requisition their vehicles in order to hire drivers to transport foodstuffs from Israel to west bank towns.

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NORTH KOREA

17. The North Korean News Agency announced today that North Korea has decided to provide military and other assistance to Egypt and Syria. The North Koreans have, in fact, provided military aid to these countries for some time. A North Korean MIG-21 fighter squadron has been in Egypt since at least the end of June, and North Korean air force instructors were noted training Syrian pilots in Syria as far back as September 1970.

FRANCE

18. A majority of the French prefer their country to remain neutral in the Arab-Israeli war, according to a recent French public opinion poll. Twenty percent of the respondents believe Paris should support the Israelis while 12 percent favored the Arabs. Those opting for neutrality were a clear majority in all French political groups, including the Communists. Although 60 percent opted for neutrality, 45 percent of these sympathized with Israel. Only among the Communists was there a majority which sympathized with the Arabs.

19. Only 30 percent of those polled, however, thought Paris was in fact neutral in the conflict. Forty-seven percent felt the government was backing the Arabs. The apparent uncertainty of French public opinion about Arab objectives was reflected in the almost even split between those (45 percent) who believed the objective is the destruction of Israel and those (41 percent) who feel it is the recovery of Arab territory lost as a result of the 1967 war.

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ABU DHABI - US

22. Abu Dhabi today announced a halt of oil exports to the United States, according to a western news service. The announcement warned that similar action would be taken against any other state which in the future gave support to Israel.

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ANNEX A**Inter-Arab Economic Aid****Summary**

Economic aid by other Arab states to Egypt and Syria during the course of the current hostilities has been marked primarily by substantial financial commitments and by measures to supply badly needed petroleum. The oil wealthy states have supplied Egypt with approximately \$850 million and Syria with possibly \$1.2 billion. These substantial sums shore up the reserves of Egypt and Syria, establish the base for major hard currency purchases, and are extremely important in the context of long-term needs including post-war recovery. Jordan will receive about \$41 million annually from Kuwait under the recently-resumed Khartoum payments. More important in terms of immediate needs are supplies of petroleum and petroleum products, which are in short supply in Syria and of growing concern to Cairo. Iraq, Libya, Saudi Arabia, Kuwait, and Lebanon are in the forefront of efforts to supply Syria with petroleum products, including jet fuel, as destruction of the Homs refinery has eliminated domestic output of these products. The Egyptians, reliant on imports for about 60 percent of their crude oil needs, probably are receiving supplies from Libya and, possibly, from Algeria.

EGYPT

About \$850 million in new Arab aid to Egypt has been fairly reliably reported since the war. (See Table below) It is not clear how Egypt has managed to persuade other Arabs that such sums are necessary. Before the war, Egypt anticipated a balance of payments deficit of some \$250-300 million for CY 1973. Reduction in tourist revenues and in oil exports for the balance of this year will not increase this deficit by more than \$200 million and the war has not appreciably increased demand for imports not supplied by the Soviet Union. A report that Libya has "bought"

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some 30 planes for Egypt suggests that the USSR may be demanding payment for arms resupply. In this case Egypt does need hundreds of million of dollars. It is equally possible, on the other hand, that the USSR has again granted large amounts of credit. In this case Sadat may be following his own and Nasir's post-1967 example, telling other Arabs that he needs money for arms when, instead, he intends to bank the proceeds of Arab aid for expenditure on civilian items after the war.

Saudi Arabia	\$200 million
Kuwait	\$250 million
Libya	\$200 million
Abu Dhabi	\$100 million
Qatar	\$100 million

Egypt probably also is now getting Arab aid in the form of crude oil to alleviate its worsening POL situation. AMOCO, operator of the 150,000 bpd El Morgan oil field in the Gulf of Suez, has confirmed that all Egyptian oil fields in the Gulf of Suez were shut down shortly after hostilities began. More recently, closure of pipelines to the Mediterranean has deprived the Alexandria refinery of some 20,000 bpd of oil provided by Iraq. Libya probably is now filling this gap from recently increased liftings of nationalized oil.

The Egyptian refinery at Mustorod, which supplies 20,000 bpd of the approximately 115,000 bpd of products refined in Egypt, gets all of its feedstock from the Gulf of Suez oil fields. The refinery, which is south of Cairo, is not connected by pipeline to the Mediterranean and it is doubtful that most tankers could be persuaded to carry crude from other sources through the hazardous Gulf of Suez area. Shutdown of this refinery will mainly affect the current supply of lower fractions used for such purposes as tank fuel and power generation, and will force Egypt to

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begin drawing on reserves of these products. If all civilian storage capacity was full at the onset of hostilities, Egypt probably can compensate for the loss of Mustorod for several months--provided crude imports to Alexandria are not interrupted. Imports provide at least two-thirds of the feedstock for Egypt's 96,000 bpd refining capacity at Alexandria.

The jet fuel situation will depend on continued availability of crude supplies at the Alexandria refineries, on the extent of air force involvement in the war, and on the ability of the USSR to deliver supplies. Under peacetime conditions Soviet deliveries of about 3,000 bpd have been adequate to supplement domestic output of kerosene and jet fuel. If this level of supply is maintained, and crude deliveries to Alexandria are not interrupted, the extra demand of an air war possibly could be sustained for a month out of stores.

SYRIA

Financial assistance to Damascus from other Arab countries has amounted to possibly \$1.2 billion, as indicated in the following table. The magnitude of these funds is well beyond any conceivable immediate needs that Syria has for spending. By way of comparison, the \$1.2 billion represents roughly half of Syria's annual national output and would provide payment for some 2 1/2 years of imports. While there is at least some question regarding the reported \$1 billion contribution from Saudi Arabia, the sum is not out of line with that oil-rich country's capability to provide funds. Even if Saudi contributions were one-tenth the reported amount, Syria's financial position would be strengthened significantly.

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Saudi Arabia	\$1,000 million
Algeria	10 million
Libya	20 million
Kuwait	85 million
Iraq	10 million
Abu Dhabi	60 million
	<u>\$1,185 million</u>

The various Arab oil producing countries are attempting to alleviate the petroleum shortage which apparently is confronting Syria. Although it probably had built up stocks prior to the hostilities, Syria has sustained substantial damage to its storage facilities and has lost its sole producer of petroleum products, the Homs refinery. Iraq, Libya, Saudi Arabia, Lebanon, and Kuwait have been involved in varying ways in helping Syria obtain supplies.

Iraq has been trucking gasoline, kerosene and other products, including possibly jet fuel; has requested Kuwait to provide transports to move fuel to Syria; made efforts to procure fuels for Syria from Lebanon; and may be diverting additional amounts of products from its northern refinery to Syria. According to one message, Baghdad plans to supply 500 tons of oil daily.

Libya, on 11 October, directed its embassy in Saudi Arabia to arrange for the immediate delivery to Syria of about 200,000 tons of petroleum products, including 14,000 tons of aircraft fuel.

Lebanon has been employing up to 30 private tank trucks in daily delivery of petroleum products. On 12 October, Lebanon was asked by Iraq to provide Syria with as much aircraft fuel, gasoline, and other petroleum products as could be produced; the request was accompanied by the notice that Syria is in urgent need of these items.

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